

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:1970
ANSWERED ON:10.08.2006
INCREASE IN STRATEGIC OIL RESERVE
Sippiparai Shri A. Ravichandran

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has any proposal to increase strategic oil reserve and to strengthen oil diplomacy to meet the oil requirements; and

(b) if so, the details thereof alongwith the action taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b): Yes, Sir. In order to enhance the energy security of the country and to safeguard against short term supply disruptions, Government have approved setting up of 5 Million Metric Tonnes (MMT) strategic storage at three locations, viz. Vizag (1.0 MMT), Mangalore (1.5 MMT), Mangalore or nearby location (2.5 MMT). The release of crude oil will be in the event of any natural calamity or disruption in supplies or any unforeseen global event leading to scarcity of supplies / abnormal increase in prices. The proposal involves a capital cost of approximately Rs. 2,400 crore and crude oil cost of Rs. 8,870 crore (at an average crude oil cost of \$55/bbl) besides operation and maintenance cost of Rs. 90 crore per annum.